

# REAPING THE FRUITS OF TRADE

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For Maria de Lourdes Sobrino, it all began in 1982, in a 700 square-foot storefront in Torrance, California, with a milk crate for a chair and her mother's recipe for Mexican-style gelatin.

From these modest beginnings, Maria, known as Lulu to her friends and customers, created a dessert company with sales of \$12 million for 2000 and projected sales of \$30 million for 2005. Today, this company, Lulu's Dessert, is expanding to markets around

the world thanks to Sobrino's entrepreneurial spirit and the help of international trade specialists in Southern California.

In 1982, after a series of unsuccessful businesses both in her home of Mexico and in the United States, Sobrino decided to begin making snacks from her childhood, like jalapeno-flavored carrots and roasted peanuts and selling them from the storefront in Torrance. She met with little success during this period and even tried to expand her operation to Mexican sandwiches and baked goods. Finally, Sobrino found the solution to her business problem — the jiggly fruit-flavored taste treat known in Spanish as *gelatina*. With her product found, Lulu began to make 300 cups of fruity gelatin by hand

every day in an attempt to sell the snack to local stores. Unfortunately, she was a pioneer in this market, with her biggest obstacle being the education of the consumer to the merits of individually packaged, pre-made gelatin. Sobrino, however, had an advantage. Unlike Jell-O, which at the time, only made gelatin in powdered form, Sobrino made gelatin that was ready-to-eat from the time that you bought it — a concept that Jell-O would not latch on to for another 11 years. Finally, Maria found a buyer — a small shop that allowed her to leave the gelatin on consignment. By the time she had returned home from her delivery route, all the *gelatina* had been sold and she was on her way to success.

## FORAY INTO EXPORTING

Soon, Sobrino had a food broker, provided by Boys Markets grocery chain and with this new distribution, Lulu's Dessert began to expand, with new plants in Gardena and Huntington Beach, California. In 1990, she began to produce Fancy Fruit bars — frozen fruit bars with whole chunks of fruit in them. With this rapid growth, Maria decided to begin exploring the idea of exportation into foreign markets, especially Mexico, where fruit-flavored gelatin, which was often sold from carts on the streets of Mexico City, was well known to the consumer market. With her business education at the Universidad Nacional Autonoma de Mexico (UNAM) and previous experience in her own travel agency in



Photo courtesy of U.S. Commercial Service.

Under Secretary of Commerce, Grant Aldonas (center left), stands with Maria Sobrino (center) and the staff of the Newport Beach Export Assistance Center at the new production facility of Lulu's Dessert.

Mexico City, she was familiar with the Mexican business environment. Slowly, she began to accumulate contacts in export markets, but the process was often difficult and time-consuming.

She began exporting to Mexico in 1992 and opened offices and a distribution center, but despite her knowledge of the Mexican market, Sobrino faced great difficulty in selling her product due to her inexperience in the export process. Distribution and access to shelf space in grocery stores was often unreliable and expensive. Shipments of frozen fruit bars were often stuck in customs and because distribution in refrigerated trucks consolidated around the country was difficult, the losses to Sobrino were significant. Lulu was facing export challenges alone, selling on consignment and setting up her own distribution networks. With the nuances and pitfalls of exporting facing her, she met with hardship and frustration.

#### HELP FROM THE COMMERCE DEPARTMENT

One day, after reading an article about Sobrino in a local newspaper, Tony Michalski of the Newport Beach Export Assistance Center called her to see how he could help her realize her exporting goals. "I spoke with Maria and we immediately clicked," says Michalski. "I knew that Lulu's Dessert would be a good firm to work with because of their quality product, previous business experience and enthusiasm to export to foreign markets." Michalski and Sobrino began their partnership by making two crucial decisions. They first decided to target the United Kingdom and Mexico as initial export markets and secondly chose to focus more on exporting Fancy Fruit bars because of their longer shelf life.

With the help of people like Tony Michalski and other organizations such as the California Trade and Commerce Agency, Lulu's Dessert began to have

greater success in foreign markets, especially in Mexico. Today, the company competes with local food manufacturers in Mexico, having contracts at grocery chains like Wal-Mart, Costco and Oxxo and an exclusive distributorship in the Mexican state of Baja California.

However, even with Michalski's help, Sobrino still found some difficulty with export markets, especially in the United Kingdom. New standards for dairy products entering the United Kingdom made it difficult for Lulu's Dessert to export cream-based frozen fruit bars to the British Isles, especially with the shipping costs from Southern California.

#### SWEET SUCCESS

Despite these problems, however, exporting has been extremely successful for Lulu's Dessert since Sobrino began receiving help from the Newport Beach Export Assistance Center. Recently, she met with Mexican President Vincente Fox and Mexican business leaders and distributors when they visited the United States for the Agricultural Trade Office (ATO). The ATO scheduled seven appointments with the largest supermarket chains in one day and Sobrino gave her presentations. "The ATO saved me time and money setting up these meetings for us in one day," said Sobrino. "I had the best support from the U.S. Department of Commerce and the buyers treat you in a very special way."

The successes of Lulu's Dessert in foreign markets have been boosted considerably by the assistance of the Western U.S. Agricultural Trade Association (WUSATA), which has provided money to Lulu's Dessert and other companies for marketing outside of the U.S. "I was not aware of WUSATA until the California Trade Office presented this opportunity to me a couple of years ago. These funds are giving us the opportunity to travel, participate in trade shows, create

brochures targeted to overseas markets and be reimbursed a good percentage by WUSATA," Sobrino said.

The benefits of exporting have also allowed Lulu's Dessert to expand considerably. Recently, production was moved to a 64,000 square-foot plant in Vernon, California. According to Sobrino, the new facility will allow the company to grow 4 to 5 times in production capacity, employ more than 100 people and increase distribution in the U.S. and abroad. Recently, Commerce Under Secretary Grant Aldonas, along with several other officials, met with Sobrino at the plant. Aldonas toured the plant and observed the production and distribution facilities. This was a momentous event for both Sobrino and the Commerce Department, since it was one of Aldonas' first visits to a private enterprise after the beginning of the new administration. Lulu's Dessert has also considerably expanded its line of products, with baked flan having recently been introduced.

Today, Maria Sobrino has far-reaching goals for Lulu's Dessert, especially concerning the export of her gelatin and frozen fruit bar products. Recently, she hired Anthony Flores, who is Director of International Sales. She is also exploring markets in Canada, South America and even Korea. Another goal for Maria is the distribution of her gelatin products as snacks on flights for AeroMexico, Mexicana and Delta Airlines.

Currently, exporting accounts for 2 to 3 percent of Lulu's Dessert's total revenue, but with a greater production capacity, Lulu's is on a course for explosive growth, especially internationally. "Now, we don't make an export sale without consulting the Department of Commerce, the Export-Import Bank, or the SBA," says Sobrino. "We think that all the world deserves one of our treats." ■